

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, DC 20554**

In the Matter of)	
)	ET Docket No. 05-24
Requirements for Digital Television)	
Receiving Capability)	
)	

To: The Commission

**REPLY COMMENTS OF
PANASONIC CORPORATION OF NORTH AMERICA**

Panasonic Corporation of North America (“Panasonic”) respectfully submits these Reply Comments in support of the proposals in the Commission’s Notice of Proposed Rulemaking (“NPRM”) in the above-captioned proceeding.¹ Over the past decade Panasonic consistently has supported measures that would speed the DTV transition so that the benefits of this superior digital technology will reach consumers. We continue to do so.

In this proceeding Panasonic, like all other television manufacturers and retailers,² supports the proposal. Its adoption will prevent the type of disruption experienced with the 50 percent requirement for larger sets and will contribute to the stability and certainty needed by the consumer marketplace for a successful and rapid digital transition.

¹ *Requirements for Digital Television Receiving Capability*, 20 FCC Rcd 3780 (2005).

² See Comments of Wal-Mart Stores, Inc.; Circuit City Stores, Inc.; Best Buy Co., Inc.; RadioShack Corporation; Harris Corporation; Samsung Electronics Corporation; Sanyo Manufacturing Corporation; Sanyo Fisher Company; Sharp Electronics Corporation; Sony Electronics Inc.; and Hewlett-Packard Company. See also Letters from Scott Blake Harris on behalf of Dell, Inc. (April 19, 2005) and from Lawrence R. Sidman on Behalf of TTE Corporation (March 17, 2005).

Panasonic agrees with the Commission that the end-date of July 1, 2007 should remain unchanged for the tuner mandate. Panasonic also supports establishing a specific “hard” date for the termination of analog broadcasting that would eliminate consumer confusion and rapidly conclude the transition – so long as the date is set at a practical time that allows consumers a reasonable opportunity to purchase new digital TV reception devices of their choosing. For its part, Panasonic believes that the digital transition is sufficiently mature that most consumers will soon desire to upgrade their entertainment products to take advantage of the many benefits provided by the digital television experience.

INTRODUCTION

Panasonic Corporation of North America is the principal North American subsidiary of Matsushita Electric Industrial Co. Ltd., a world leader in electronics and wireless telecommunications technology. Panasonic and its subsidiaries and affiliates manufacture and distribute a wide range of products at over 90 business locations in North America employing approximately 21,000 people. Among Panasonic’s products are multiple lines of television receivers and monitors, DVD recorder/players, and scores of digital TV production, post-production, recording, and networking products for the professional market.

In the marketplace as well as through its participation in FCC proceedings, Panasonic over many years consistently has demonstrated its commitment to a rapid, consumer-friendly digital transition. Panasonic sees the digital future and urges the Commission to take every possible step to rapidly conclude the DTV broadcast transition. Doing so will bring stability and certainty to the consumer marketplace for digital television sets and associated products, including video cassette recorders and digital video recorders. Importantly, a rapid conclusion to the transition will also recover the broadcasters’ excess spectrum for both urgent public safety

requirements and for new wireless services that will directly benefit consumers.

The single most important step that would accelerate the transition to conclusion is to establish a date certain for the end of analog broadcasting. Although those opposing the proposal made in this proceeding may prefer that the Commission not focus on the totality of the DTV transition, it is necessary to do so to understand the context of the proposal and why its adoption will benefit the transition.

**THE 100 PERCENT MANDATE WITH WORKABLE DEADLINES IS THE SUREST
AND MOST RAPID PATH FOR WIDESPREAD CONSUMER ADOPTION OF
TELEVISION SETS WITH DIGITAL TUNERS**

The marketplace disruptions caused by a 50 percent requirement only came to light last fall, and, in response, CEA-CERC filed their petition almost immediately in order to prevent similar disruption in the market for 25-36 inch sets. The Commission's first 50 percent requirement became effective just 4 months before CEA-CERC filed the petition that lead to the NPRM in this proceeding.³ The petition was filed as soon as manufacturers and retailers realized that not only was the 50 percent requirement exceedingly difficult to effectuate in the competitive marketplace, but that consumer reaction unexpectedly was making matters much more problematic than anyone had envisioned and, in fact, was depressing the sale of sets with digital tuners. This clearly was not the result that anyone intended.

In the Petition, CEA and CERC explained the unexpected events and proposed a viable alternative to speed the DTV transition. Manufacturers and retailers had asked themselves not only "why is this not working as envisioned," but also, "what will work." They concluded that with adequate time for implementation, the 100 percent mandates will not have the same

³ See *Petition for Rulemaking* filed with the Commission by the Consumer Electronics Association ("CEA") and the Consumer Electronics Retailers Coalition ("CERC") on November 5, 2004.

perverse result as the 50 percent mandates of encouraging consumers and retailers to purchase analog-only sets.

The second 50 percent requirement was due to become effective just 8 months after these marketplace realities presented themselves, providing little time for Commission action and industry planning. The participants calculated that if they began planning when the Petition was filed, they could move the 100 percent date up to March 1, 2006 and that this would, in fact, accelerate placing DTV sets in consumers' hands by completely removing analog sets earlier than under the current rules. Arguments against the proposed change miss the point that in the marketplace the 50 percent requirement isn't producing the desired results.

In short, the unanimous conclusion of both manufacturers and retailers is that a 100 percent requirement implemented in March, 2006, is more likely to result in sets with digital tuners in the hands of consumers than sticking with the flawed 50 percent interim requirement. At a minimum, this change will cut off the supply of analog receivers earlier than the current rule. The opponents arguing otherwise⁴ are not television manufacturers or retailers, and apparently either fail to comprehend these marketplace dynamics or are pursuing their own agendas without regard to the overall success of the digital transition. It is striking that with one exception, the opponents to this change also have opposed efforts to conclude the transition expeditiously by setting a definite date for ending analog broadcasts.

The suggestion by MSTV/NAB that this proposal is a belated request for reconsideration therefore is completely baseless.⁵ As noted above, CEA and CERC set out the basis for their proposal very clearly in their Petition. It was filed quickly, just four months into the first 50

⁴ Comments of MSTV/NAB, Pappas, Disney, and Motorola.

⁵ Joint Comments of The Association of Maximum Service Television, Inc. and The National Association of Broadcasters at 10-11 (April 18, 2005) (hereinafter "MSTV/NAB").

percent period and contemporaneously with the realization by the two affected industries that the marketplace was not responding in the way expected.

EARLIER DEADLINES ARE NOT FEASIBLE AT THIS LATE DATE

Some opponents propose a deadline earlier than the March 1, 2006 proposed in the NPRM. Quite frankly, we would like to move up the 100 percent requirement to an earlier date if it was at all within the realm of feasibility. But March 1 is less than 9 months from today, and there will be even less time when the Commission concludes this proceeding. There is just no way to make an earlier date feasible. It is not just a design issue as some opponents argue. It is a time-consuming and expensive process to establish specifications for each product, change manufacturing lines, secure orders from retailers, order parts consistent with the manufacturing and shipping schedules, etc. There are very real reasons why the typical period for products rarely can be shortened to less than 18 months.

The same opponents suggest dates earlier than July 1, 2007 for all remaining sets and associated equipment. As a manufacturer, we already have mapped out how to meet this final date, which includes within its ambit a broader variety of products, such as video cassette recorders and digital video recorders, as well as all television sets below 25 inches in size. Schedules have been established for each product line and work already has been initiated to meet this deadline. Changing the date now would be extremely disruptive to the entire consumer electronics industry marketplace.

CONCLUSION

Panasonic supports ensuring a rapid and orderly end to the transition. Adopting the proposal made in the NPRM will serve that objective, notwithstanding the smoke with which opponents have attempted to obscure its benefits. As of March 1, 2006, having 100 percent of TV's 25-inches and larger with digital ATSC tuners is far superior to an interim 50 percent requirement because at that time everyone will be on a level playing field, consumer confusion on this point will disappear because there will be no more NTSC-only sets on the shelves, and the "buzz" about the new sets will create a positive marketplace dynamic.

Panasonic urges the Commission to give rapid and favorable consideration to the proposals in the CEA-CERC petition in order to provide marketplace certainty and avoid consumer confusion. We also agree with the Commission's statement in the NPRM that no consideration should be given to changing the July 1, 2007 final implementation date for digital broadcast tuners.

Respectfully submitted,

PANASONIC CORPORATION OF NORTH AMERICA



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